

Maryland Energy

ADMINISTRATION

Powering Maryland's Future

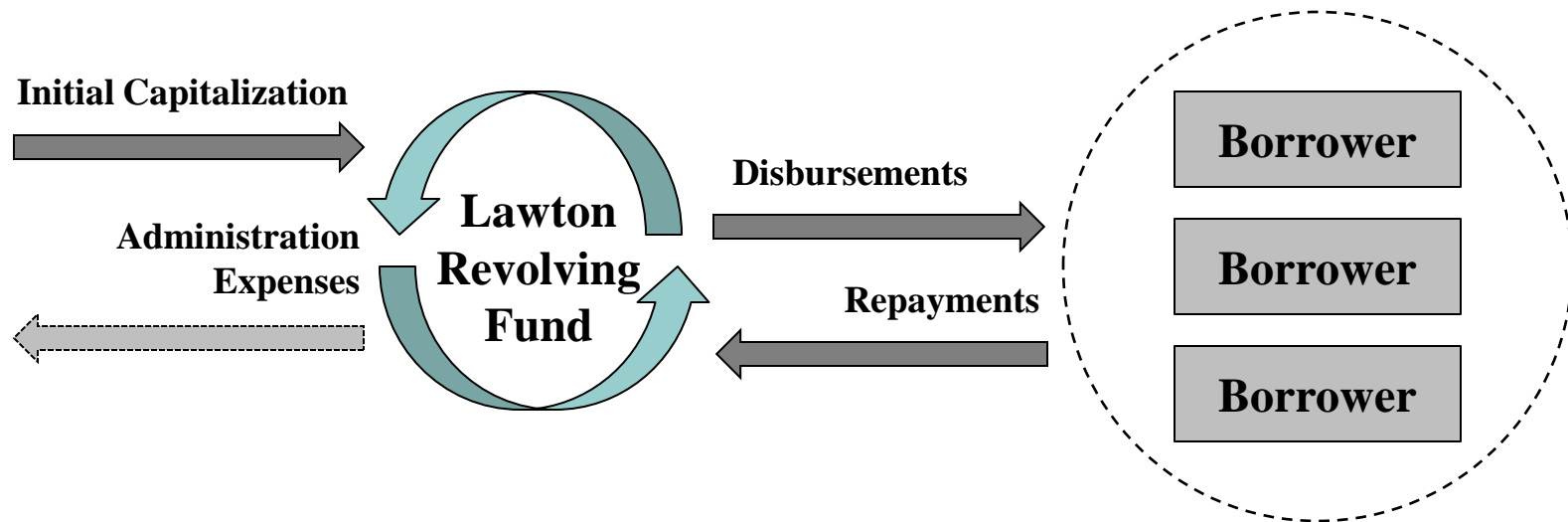
Jane E. Lawton Conservation Loan Fund

*Energy Financing Opportunities for
Local Governments, Non-Profit Organizations, and Businesses*

Fiscal Year 2013 Program Update

The Jane E. Lawton Conservation Loan Program (JELLP or “Lawton”)—Overview

- Lawton is a “revolving fund”—an original investment that has been recycled over time for many borrowers



- Loan #1 repayments become capital for Loan #2, which becomes loan capital for Loan #3, etc.
- Interest charges and fees sustain program over time

Lawton Loan Program—Background

- Low-interest (currently 2.5%) loans for energy efficiency and conservation improvements to structures
 - Local governments and non-profit organizations were historically eligible; businesses may also apply
- Addresses up-front costs associated with energy efficiency investments; provides funding on a shared-cost basis
- Complements local, State, and utility programs to ensure maximum returns on investment in energy efficiency
- Revolving funding into new loans ensure future program sustainability
- Over 60 Lawton Loans have provided early \$20 million in financing for energy-efficiency improvements

Types of Entities Eligible to Apply for Lawton Funding

- Local governments
 - Counties
 - Municipalities
 - Boards of Education
 - Special districts
- Non-profit organizations
 - Foundations
 - Private schools
 - Hospitals
- Businesses
 - Maryland corporations
 - Other corporations that operate in the State

State agencies may be eligible for funding through MEA's State Agency Loan Program (SALP).

Businesses may be eligible for grants for certain renewable energy projects.

Residents may be eligible for grants for certain renewable projects or rebates and loans for certain energy efficiency improvements.

Energy Projects Eligible for Lawton Funding

- Local governments and non-profit organizations may apply for Lawton funding for energy efficiency, conservation, and renewable energy projects
 - Businesses may apply for Lawton funding for energy efficiency and conservation projects
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Please note these important caveats that affect project eligibility:

- Projects may not include “improvements or modifications for energy conservation or renewable energy generation in structures used primarily for religious or fraternal activities.” (§9-20A-01(k)(3) of the State Government Article, Annotated Code of Maryland)
- Borrowers must document that “anticipated energy cost savings over a defined period after the completion of the project are greater than the cost of the project.” (§9-20A-06(a))
- Energy cost savings is defined: “the actual reduction in operating expenses realized...as a result of the improved energy efficiency generated by an energy conservation project.” (COMAR 14.26.01.03(B)(7))

Lawton Application Requirements

- All prospective borrowers must submit a completed application and all required (per the application) supporting documents
- Completed applications include:
 - Project costs
 - Energy savings, certified by a qualified engineer
 - Cost savings
 - Other contributions
- Feasibility studies are accepted with completed applications
- MEA efficiency experts will verify energy savings; payback must be less than 10 years and match repayments
- Prospective borrowers must be in “good standing” and undergo an analysis to determine creditworthiness

Lawton Application Process and Timeline

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- 1) Prospective borrower submits a complete application electronically or by mail to MEA
 - 2) MEA conducts three reviews on each application (± 45 days)
 - Internal review to determine availability of funds and feasibility
 - Review by expert contractor to verify energy savings
 - Review by State agency partner to evaluate creditworthiness of borrower and identify sources of collateral
 - 3) Based on results of reviews, MEA offers a conditional commitment for financing (± 15 days)
 - 4) Draft loan documents are drafted, exchanged, negotiated, and revised (± 45 days)
 - 5) Borrower and MEA set a date for closing (± 15 days)

Fiscal Year 2013 (July 1, 2012, to June 30, 2013) Lawton Program Terms

- Total program budget of \$1.75 million
- 2.5% interest for all eligible borrowers and all eligible projects
- Projects must have simple payback periods of 10 years or less
- Application dates and deadlines
 - Applications for Fiscal Year 2013 will be accepted beginning July 2, 2012
 - Between July 2 and August 31, 2012, \$500,000 of the total program budget will be specially reserved for non-profit organizations
 - Beginning on September 4, all available funding will be loaned on a first-come, first-served basis with special emphasis given to local governments and non-profits or projects that will generate greater energy savings
 - Applications will be accepted until the funding is exhausted or June 30, 2013, whichever comes first
 - Commitments will be issued beginning July 2, 2012
 - Closings will be scheduled beginning August 1, 2012

Examples of Successful Projects Financed with Lawton Loans

- In fiscal year 2009, a non-profit organization borrowed \$60,000 to replace a chiller and repair the building envelope
 - Annual energy savings will be about 78,000 kilowatt-hours (kWh)
 - Annual cost savings will be nearly \$12,000
- In fiscal year 2010, a local government borrowed \$143,000 to convert a city-owned parking garage to LED lighting
 - Annual energy savings will be over 190,000 kWh
 - Annual cost savings will be over \$27,000
- In fiscal year 2011, a business borrowed \$600,000 for significant efficiency improvements in a high-rise building
 - Annual energy use will be reduced by 33% (2.6 million kWh)
 - Annual cost savings will be over \$300,000



For more information, please contact:

Maryland Energy Administration

410-260-7655 or 800-72-ENERGY

www.energy.md.gov

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